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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 000212

SIPDIS

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SUBJECT: HFAC STAFFERS MEET WITH INDIAN MEA OFFICIALS

Classified By: POLCOUNS Uzra Zeya for Reasons 1.4 (B, D)

¶1. (SBU) On January 12, House Foreign Affairs Committee staffers Jasmeet Ahuja and Greg McCarthy met with Indian Ministry of External Affairs officials to discuss U.S.-Indian defense relations, civil nuclear cooperation, and the role of water issues in India's bilateral relations .

Indo-American Defense Relationship at a Crossroads

¶2. (SBU) Americas Division Director Vani Rao kicked off the meeting by describing the India-U.S. defense relationship as "satisfactory," but one that was at a crossroads. Rao questioned how to move the relationship forward, focusing on export control issues. (Note: Rao's comments on export controls echoed similar messages in virtually every recent interaction with more senior Indian officials, including Minister Antony's meeting with Secretary Gates and Ambassador Roemer's first meeting with NSA Menon. End Note) Rao shared that the U.S. is regarded as a "much more difficult partner" than India's "traditional" defense partners: Israel, France, and Russia. In response to Ahuja's query about Indian reluctance on signing defense foundational agreements, Rao replied that Indian needs more clarity from the U.S. on the tangible benefits for India.

¶3. (SBU) The two also discussed U.S. aircraft sales to India, and Ahuja expressed concern over what the Indian military services had described, according to Ahuja, as delays caused by MEA interference. Rao did not acknowledge this as the cause for delays and instead pointed to frustration on behalf of the services with the "lack of transparency in the acquisition process and multiple issues that arose after agreements had been signed." In closing, Rao emphasized that the defense relationship would benefit from a revisiting of export control regimes.

Indo-Pak: "Water is Not an Issue"

¶4. (SBU) Pakistan-Afghanistan-Iran (PAI) Division Director Gopal Bagley was enthusiastic about discussing Indo-Pakistani water issues despite repeating several times that water was not an issue of concern between India and Pakistan. Regardless of India's entitlements in the 1960 Indus Waters Treaty -- for example, the building of water storage

facilities along the border -- India had yet to take advantage of any "rights", according to Bagley, mostly because Pakistan has purposely delayed the implementation of any projects. Despite this complaint, Bagley remained intent on downplaying any concerns over water resource issues between India and Pakistan.

15. (SBU) A short discussion over Indo-Pak dialogue since the 2008 Mumbai attacks followed, during which Bagley assured the staffers that India was not placing any restrictions on talks with Pakistan. Ahuja praised India's restraint after the Mumbai attacks, and the two discussed mutual concerns over the possibility and repercussions of another 26/11-like attack.

16. (SBU) McCarthy asked Bagley "why is it not in India's interest to have a settlement" with Pakistan on Kashmir, to which Bagley replied that this was not the case, saying "of course it is in our interest to have a settlement." He reiterated standing Indian policy that Pakistan needs to vacate Pakistan-occupied Kashmir. Making an analogy to the India-Pakistan conflict, McCarthy asked if India would ever withdraw from Kashmir as the Israelis withdrew from the Gaza strip. Bagley retorted with a categorical "no", dismissing the comparison and assuring McCarthy that India would not withdraw from Kashmir.

Sri Lanka & Bangladesh

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17. (SBU) Ahuja conveyed unease over India's "reticence" to condemn the Sri Lankan government's treatment of the Tamils, but Bangladesh - Sri Lanka - Maldives (BSM) Division Director Suresh Reddy assured Ahuja that the GOI was taking this issue up with Colombo. The two shared concerns over China's growing influence in Sri Lanka, with Reddy adding that increased Chinese influence in Bangladesh was also a concern for the GOI. Such concerns were mitigated, according to Reddy, because China's interest in both of these states was economic. The two briefly discussed India's relief efforts in Sri Lanka.

Civil Nuclear Cooperation

18. (C) Ahuja raised ongoing reprocessing consultations in a brief meeting with Disarmament and International Security Affairs (DISA) Division Director Amandeep Singh Gill and asked why the Indians sought more than one reprocessing facility, when the 123 Agreement only referred to "a facility." Gill replied that this issue had been "discussed at length and an understanding had been reached," though others remained. On Part 810 assurances, Gill said it appeared to some in the Indian government that the U.S. was seeking new assurances beyond the scope of the 123 Agreement, but he assured Ahuja that the Indian government was nevertheless working with the USG to provide the necessary assurances. Gill said it was difficult to know when Parliament would take up civil nuclear liability legislation, but he hoped it would be in the next session. He said the U.S. should look at India as a partner, adding that he looked forward to the Civil Nuclear Energy Working Group (CNEWG) meeting in February in Mumbai.

19. (SBU) Staffdel Ahuja cleared this message.
ROEMER